



DEPARTMENT OF COMMERCE

International Trade Administration

[C-580-913]

Oil Country Tubular Goods from the Republic of Korea: Final Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of oil country tubular goods (OCTG) from the Republic of Korea (Korea). The period of investigation is January 1, 2020, through December 31, 2020.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Jacob Garten or Melissa Porpotage, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3342 or (202) 482-1413, respectively.

SUPPLEMENTARY INFORMATION:

Background

On March 14, 2022, Commerce published the *Preliminary Determination* in the *Federal Register*.¹ For a complete description of the events that followed the *Preliminary Determination*, see the Issues and Decision Memorandum.² The Issues and Decision Memorandum is a public

¹ See *Oil Country Tubular Goods from the Republic of Korea: Preliminary Negative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 87 FR 14248 (March 14, 2022) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum.

² See Memorandum, “Decision Memorandum for the Final Determination of the Countervailing Duty Investigation of Oil Country Tubular Goods from the Republic of Korea,” dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>.

Scope of the Investigation

The products covered by this investigation are OCTG from Korea. For a complete description of the scope of this investigation, *see* appendix I.

Scope Comments

On March 7, 2022, concurrent with the issuance of the *Preliminary Determination*, we issued a Preliminary Scope Memorandum.³ In the Preliminary Scope Decision Memorandum, Commerce established the deadline for parties to submit scope case briefs.⁴ Commerce did not receive any comments from interested parties regarding the scope by the deadline.

Consequently, we made no changes to the scope from the Preliminary Scope Decision Memorandum.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation, and the issues raised in the case and rebuttal briefs by parties in this investigation, are discussed in the Issues and Decision Memorandum. For a list of the issues raised by parties, and to which we responded in the Issues and Decision Memorandum, *see* appendix II of this notice.

Methodology

Commerce conducted this investigation in accordance with section 701 of the Tariff Act of 1930, as amended (the Act). For each of the subsidy programs found to be countervailable,

³ See Memorandum, "Antidumping Duty Investigations of Oil Country Tubular Goods from Argentina, Mexico, and the Russian Federation and Countervailing Duty Investigations of Oil Country Tubular Goods from the Republic of Korea, and the Russian Federation: Preliminary Scope Decision Memorandum," dated March 7, 2022 (Preliminary Scope Memorandum).

⁴ *Id.* at 4.

Commerce determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient and that the subsidy is specific.⁵ For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

In making this final determination, Commerce relied, in part, on facts otherwise available, including adverse facts available (AFA), pursuant to sections 776(a) and (b) of the Act. For a full discussion of our application of AFA, *see* the section “Use of Facts Available and Adverse Inferences” in the accompanying Issues and Decision Memorandum.

Verification

As provided in section 782(i) of the Act, in August 2022, Commerce verified the subsidy information reported by Hyundai Steel Company (Hyundai Steel)⁶, SeAH Steel Corporation (SeAH Steel), and the Government of Korea. We used standard verification procedures, including an examination of relevant accounting records and original source documents provided by the respondents.

Changes Since the *Preliminary Determination*

Based on our review and analysis of the information received at verification and comments received from parties, we made certain changes to the subsidy rate calculations for Hyundai Steel and SeAH Steel. As a result of these changes, Commerce also revised the all-others rate. For a discussion of these changes, *see* the Issues and Decision Memorandum.

All-Others Rate

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we calculated an individual estimated countervailable subsidy rate for the two mandatory respondents, Hyundai Steel and SeAH Steel. Section 705(c)(5)(A)(i) of the Act states that, for companies not individually investigated, Commerce will determine an all-others rate equal to the weighted-average

⁵ *See* sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

⁶ Hyundai Steel Company is the same respondent from the *Preliminary Determination*, where we incorrectly stated the company’s name as Hyundai Steel Corporation.

countervailable subsidy rates established for exporters and/or producers individually investigated, excluding any zero and *de minimis* countervailable subsidy rates, and any rates determined entirely under section 776 of the Act.

In this investigation, Commerce calculated a *de minimis* rate for Hyundai Steel. Therefore, the only rate that is not zero, *de minimis*, or based entirely on facts otherwise available is the rate calculated for SeAH Steel. Consequently, the rate calculated for SeAH Steel is also assigned as the rate for all other producers and exporters.

Final Determination

Commerce determines that the following estimated net countervailable subsidy rates exist:

Company	Subsidy Rate (percent <i>ad valorem</i>)
Hyundai Steel Company	0.25 (<i>de minimis</i>)
SeAH Steel Corporation ⁷	1.33
All Others	1.33

Disclosure

Commerce intends to disclose to interested parties its calculations performed in this final determination within five days of any public announcement, or if there is no public announcement, within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

Suspension of Liquidation

In the *Preliminary Determination*, the total net countervailable subsidy rates for the individually examined respondents were *de minimis*, and, therefore, we did not suspend liquidation of entries of OCTG from Korea. However, as the estimated subsidy rate for one examined company, SeAH Steel, as well as the all-others rate is above *de minimis* in this final determination, we are directing U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of OCTG from Korea, other than those produced and exported by Hyundai

⁷ As discussed in the Preliminary Decision Memorandum, Commerce has found the following company to be cross-owned with SeAH Steel Corporation: SeAH Steel Holding Corporation.

Steel Company, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*, and to require a cash deposit for such entries of merchandise in the amounts indicated above, pursuant to section 705(c)(1)(B)(ii) of the Act. The suspension of liquidation will remain in effect until further notice.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a countervailing duty order and require a cash deposit of estimated countervailing duties for such entries of subject merchandise in the amounts indicated above, in accordance with section 706(a) of the Act. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated, and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, Commerce will notify the ITC of its final affirmative determination that countervailable subsidies are being provided to producers and exporters of OCTG from Korea. As Commerce's final determination is affirmative, in accordance with section 705(b) of the Act, the ITC will determine, within 45 days, whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of OCTG from Korea. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance. If the ITC determines that material injury or threat of material injury does not exist, this proceeding will be terminated, and all cash deposits will be refunded. If the ITC determines that such injury does exist, Commerce will issue a countervailing duty order directing CBP to assess, upon further instruction by Commerce, countervailing duties on all imports of the

subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation, as discussed above in the “Continuation of Suspension of Liquidation” section.

Notification Regarding APO

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to the APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

Notification to Interested Parties

This determination is issued and published pursuant to sections 705(d) and 771(i) of the Act, and 19 CFR 351.210(c).

Dated: September 23, 2022.

Lisa W. Wang,
Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise covered by this investigation is certain OCTG, which are hollow steel products of circular cross-section, including oil well casing and tubing, of iron (other than case iron) or steel (both carbon and alloy), whether seamless or welded, regardless of end finish (*e.g.*, whether or not plain end, threaded, or threaded and coupled) whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished (including limited service OCTG products) or unfinished (including green tubes and limited service OCTG products), whether or not thread protectors are attached. The scope of this investigation also covers OCTG coupling stock.

Subject merchandise includes material matching the above description that has been finished, packaged, or otherwise processed in a third country, including by performing any heat treatment, cutting, upsetting, threading, coupling, or any other finishing, packaging, or processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the OCTG.

Excluded from the scope of the investigation are: Casing, tubing, or coupling stock containing 10.5 percent or more by weight of chromium; drill pipe; unattached couplings; and unattached thread protectors.

The merchandise subject to this investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7304.29.1010, 7304.29.1020, 7304.29.1030, 7304.29.1040, 7304.29.1050, 7304.29.1060, 7304.29.1080, 7304.29.2010, 7304.29.2020, 7304.29.2030, 7304.29.2040, 7304.29.2050, 7304.29.2060, 7304.29.2080, 7304.29.3110, 7304.29.3120, 7304.29.3130, 7304.29.3140, 7304.29.3150, 7304.29.3160, 7304.29.3180, 7304.29.4110, 7304.29.4120, 7304.29.4130, 7304.29.4140, 7304.29.4150, 7304.29.4160, 7304.29.4180, 7304.29.5015, 7304.29.5030, 7304.29.5045, 7304.29.5060, 7304.29.5075, 7304.29.6115, 7304.29.6130, 7304.29.6145, 7304.29.6160, 7304.29.6175, 7305.20.2000, 7305.20.4000, 7305.20.6000, 7305.20.8000, 7306.29.1030, 7306.29.1090, 7306.29.2000, 7306.29.3100, 7306.29.4100, 7306.29.6010, 7306.29.6050, 7306.29.8110, and 7306.29.8150.

The merchandise subject to this investigation may also enter under the following HTSUS item numbers: 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.39.0062, 7304.39.0068, 7304.39.0072, 7304.39.0076, 7304.39.0080, 7304.59.6000, 7304.59.8015, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 7304.59.8060, 7304.59.8065, 7304.59.8070, 7304.59.8080, 7305.31.4000, 7305.31.6090, 7306.30.5055, 7306.30.5090, 7306.50.5050, and 7306.50.5070.

The HTSUS subheadings and specifications above are provided for convenience and customs purposes only. The written description of the scope of this investigation is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum:

- I. Summary
- II. Background
- III. Subsidies Valuation
- IV. Use of Facts Available and Adverse Inferences
- V. Analysis of Programs
- VI. Analysis of Comments
 - Comment 1: Whether the Provision of Korea Emissions Trading System (K-ETS) Permit Program is Countervailable
 - Comment 2: Whether the Preliminary Benefit Calculation for the Provision of K-ETS Permit Program is Incorrect
 - Comment 3: Whether Commerce Should Apply Adverse Facts Available (AFA) Regarding the Reduction Rate Applied to Participants in the Provision of K-ETS Permits Program
 - Comment 4: Whether Commerce Should Correct Its Calculations for Programs Preliminarily Found to Provide No Measurable Benefit to SeAH
 - Comment 5: Whether Commerce Should Correct an Error in the Short-Term Loan Interest Rate Benchmark
 - Comment 6: Whether the Discount of Electricity Fee for Energy Storage System (ESS) Program Is Countervailable
 - Comment 7: Whether the Demand Response Resources (DRR) Program is Countervailable
 - Comment 8: Whether Tax Credits under Restriction of Special Taxation Act (RSTA) Article 25(1)(6) are Countervailable
 - Comment 9: Whether the Insurance Claim Disbursements by Seoul Guarantee Insurance (SGI) are Countervailable
 - Comment 10: Whether the Provision of Port Usage Rights at the Port of Incheon Are Countervailable
 - Comment 11: Whether Commerce Should Apply AFA to SeAH Steel for Failure to Report Usage of the Korean Export-Import Bank (KEXIM) Performance Guarantee Program
 - Comment 12: Whether the KEXIM Performance Guarantee Provides a Countervailable Benefit
- VII. Recommendation